Questions & Answers
Relating to the Rules Governing the State Contractual Scholarship Fund
Revised May 14, 2010

The following questions and answers are issued by the Authority as interpretive guidance in accordance with Section .0400 of the Rules Governing the State Contractual Scholarship Fund. Capitalized terms used in these questions and answers, which are not otherwise defined herein, shall have the respective meanings assigned to them in the Program Rules.

Audit Compliance:

1. Q. What are the audit requirements for institutions participating in the NCLTG and SCSF programs?

A. There are four audit components instituted in 2001 by the Authority:

1) Institutional audits completed by an independent auditor must be received by March 30 of the calendar year following the end of the state fiscal year. This will allow time for the Authority to reconcile any issues that may occur as reported by the audit. The Authority will not release any funds for the next year until the institutions audit has been satisfactorily reconciled.

2) NCLTG and SCSF Authorized School Officials must participate in exit interviews with the independent auditors. This will allow the officials the opportunity to become familiar with the audited information, and prior to mailing the audit results to the Authority, to identify and resolve all discrepancies to include amount of received from the Authority, amount of funds disbursed to students, and any refunds.

3) The Authority will augment the system of independent audits by conducting periodic reviews for both programs. Reviews will take place approximately every third year at each institution. Program records must be retained by the institution until such review by the Authority has been completed and the authorized officials have been advised in writing by the Authority that records can be destroyed.

4) The Institutions should inform the independent auditors of the requirements of the NCLTG/SCSF Audit Compliance Supplement in the engagement letters with the auditing firms.

Cross Enrollment:

2. Q. Is a student who is attending another domestic public or private institution under written agreement with the Approved Institution eligible for a State Contractual Scholarship?

A. A student meeting all of the SCSF eligibility requirements who is enrolled at an Approved Institution, but who is by agreement between the Approved Institution and a state-supported or nonprofit educational institution, attending and receiving instruction at another educational institution for which academic credit will be provided at the Approved Institution, may receive an SCSF. The following specific conditions apply: (1) the student must be certified by the Approved Institution to the Authority as enrolled only at the Approved Institution; (2) credit taken under such agreement must be fully acceptable for degree credit at the Approved
Institution; and (3) the Approved Institution makes the award to the student and reflects the SCSF payment on its ledger. Such students are not considered enrolled in an Off-Campus Degree Program for reporting purposes.

3. Q. May students who are enrolled in study abroad programs sponsored by their Institution receive an SCSF award?

A. Eligible Students enrolled in study abroad programs sponsored by an Approved Institution or sanctioned by written agreements between the Approved Institution and another institution may qualify for the SCSF provided that they meet the requirements of Section .0200 of the SCSF Rules.

Incarcerated Students:

4. Q. May an Eligible Student who is incarcerated in a State or federal correctional facility located in North Carolina receive an SCSF?

A. An Eligible Student who is incarcerated in a State or federal correctional facility located in North Carolina may qualify for the SCSF provided that: (1) such student was a legal resident of North Carolina at the time of his or her conviction; (2) he or she meets the eligibility requirements of the SCSF Rules; (3) such student is not incarcerated in a State or federal correctional facility for committing a Class A, B, B1, or B2 felony under North Carolina law; and (4) such student is not incarcerated in a State or federal facility for any other felony for which he or she is ineligible for release within ten years of the date of such incarceration.

Non-Resident Military Stationed in North Carolina:

5. Q. How should an Approved Institution treat enrolled military students who are called up for active duty during a period of enrollment after those students have been awarded an SCSF?

A. Military personnel (both resident and non-resident) will remain eligible for the SCSF provided that: (1) they do not withdraw from the Approved Institution or the Institution does not remove the student from enrollment status on or before the final School Term of the Academic Year; or (2) if the Institution removes the student from enrolled status, the Institution elects to restore the student to an enrolled status under a period of suspended instruction. If an Institution determines that the student does not intend to resume instruction, a refund of any SCSF payments made on behalf of the student shall be applied to the SCSF institutional account for funding other students; or, if not expended by the Institution, the sum must be returned to the Authority at the end of the Fiscal Year. It is the intent of the Authority that military personnel enrolled in an eligible program at an Approved Institution should not suffer monetary loss of the SCSF due to a call to active duty by the military.

6. Q. Are dependents of non-resident military stationed in North Carolina eligible for the SCSF?

A. Yes, if they meet the definition of Eligible Student and otherwise qualify for Scholarships under the SCSF Rules. Dependents of military personnel may qualify for Scholarships as long as they permanently reside in the abode of an armed services person stationed in North Carolina incident to active military duty. (See the Residence Manual for a definition of military dependents.) However, should the spouse of such service personnel legally separate or divorce from the military person stationed in North Carolina, then the spouse must establish his or her North Carolina residency independently of the military person.
7. Q. Can a non-resident military member assigned in NC or their dependent continue to receive the SCSF once the member is reassigned out of NC?

A. Yes, as long as either the member or the dependent is continuously enrolled in the degree granting program before and after the reassignment. Once either fails to continue enrollment as determined by the Approved Institution, this privilege is revoked.

**Off-Campus Reporting:**

8. Q. If a student is enrolled both on the main campus of the Approved Institution and in an Off-Campus Degree Program, how should the student be treated for reporting purposes?

A. A student should be considered enrolled in an Off-Campus Degree Program if the Instruction is (1) based at an off-campus site in North Carolina away from the main, permanent campus and (2) comprised, in the case of joint enrollment circumstances, of fifty-one percent or more of the total program of instruction for which the student is enrolled. If a student is enrolled in an evening program of instruction offered on the main, permanent campus of an Approved Institution, this student is not considered to be enrolled in an Off-Campus Degree Program.

**Satisfactory Academic Progress:**

9. Q. May an Institution deny a student the SCSF because he or she does not meet the satisfactory academic progress guidelines of the Institution?

A. The Approved Institution should follow the satisfactory academic guidelines adopted by the Institution for awarding Title IV and institutional financial aid. This policy should be consistently applied all students attending the Approved Institution.

**Selective Service Registration:**

10. Q. By what method should an Institution obtain proof of the Military Selective Service registration of its male students for the SCSF program?

A. An Institution has the following options for documenting proof of compliance with the Military Selective Service registration requirement: (1) through the federal system of Military Selective Service verification; (2) by obtaining documentation from the current NCLTG application (item number 23); or (3) by having the student complete Appendix E of the SCSF Rules.

**Student Eligibility:**

11. Q. Are “Unclassified” or “Special” Students eligible for the SCSF?

A. “Unclassified Students” may be eligible for Scholarships only if they are in Matriculated status as defined in .0102 (10) of the SCSF Rules. An example of such a student would be a student who has been accepted into an undergraduate degree program by an Approved Institution and the institution has not yet determined which academic credits are acceptable from the student’s previous institution. “Special,” “Audit,” and “Transient” Students are not in Matriculated Status and are, therefore, ineligible for the SCSF award.
12. Q. May an Eligible Student with at least one associate degree work toward another associate degree and still receive the SCSF?

A. An Eligible Student with at least one associate degree may not receive the SCSF while working on an additional associate degree. A student who has received an associate degree may, however, receive an SCSF while working toward a baccalaureate degree, if otherwise eligible for the Scholarship. That student may not receive an SCSF for lower division coursework (e.g., freshman or sophomore) unless the coursework is normally fully acceptable to the senior institution as part of a transfer agreement to pursue a baccalaureate degree.

13. Q. If an Eligible Student has received an unaccredited baccalaureate degree, may that student also receive an SCSF?

A. Yes. An unaccredited baccalaureate degree is not a recognized degree. Therefore, an Eligible student who has an unaccredited baccalaureate degree would be treated as if he or she had not received a baccalaureate degree.

14. Q. May a student who is majoring in religion receive an SCSF?

A. Yes, provided that the academic discipline is not designed by the Institution primarily for the purpose of career preparation in a religious vocation and the student otherwise meets the requirements of the SCSF Rules. The answer to this question focuses on the intent of the program, not the intent of the student.

15. Q. Is a student who is enrolled in a certificate program eligible for an SCSF?

A. No. In order to receive an SCSF, a student must be enrolled in a program of study that leads to an academic degree.

16. Q. Are high school students who are enrolled in an Approved Institution on a joint enrollment basis or early admission students eligible for the SCSF?

A. Such students are eligible for SCSF awards, provided that they meet the eligibility requirements of the Program, including the “Matriculated Status” provision.

17. Q. May a student who is enrolled simultaneously in a bachelor’s and master’s degree program receive the SCSF?

A. Yes, if the student is still classified by the Approved Institution as a full or part-time Undergraduate Student during the School Term for which an SCSF is awarded.

**Training Requirements**

18. Q. Does the Authority require training of new personnel at the private institutions?
A. Yes, the Authority requires that every new NCLTG and SCSF Authorized School Official receive training by Authority staff to ensure full understanding of the intent of the programs and the institution’s administrative responsibility. In addition, training can be requested by an institution as the need arises.

**Other:**

19. Q. May a student who is in default on his or her federal or state student loan(s) receive an SCSF award?

A. No student in default should be allowed to receive the SCSF unless that student has a clearance letter from the lender stating that satisfactory repayment arrangements have been made by the defaulter.

20. Q. If a student transfers from an ineligible institution to an Approved Institution during a School Term, is he or she eligible for SCSF funding at the Approved Institution?

A. If the student qualifies for the Scholarship under the SCSF Rules, the Authorized School Official may choose to make an SCSF award to such a student, provided that SCSF monies are available in the Institution’s account and the award is disbursed to the student prior to the close of the applicable Fiscal Year.

21. Q. Is there a maximum Scholarship amount a student recipient can receive from his or her Institution for the academic year?

A. There is no Program limitation other than the total financial aid a student receives may not exceed his or her documented financial need. However, an agreement exists between the private institutions and the North Carolina Association of Independent Colleges and Universities (NCAIC&U) whereby financial aid officials are expected to limit the combined amount of the NCLTG and SCSF awarded any student to no more than the average subsidy provided students enrolled at baccalaureate institutions in The University of North Carolina System. This amount is communicated annually by the NCAIC&U to the financial aid officials at the Approved Institutions.

22. Q. Are there any restrictions that apply to the awarding of SCSF monies for summer school attendance?

A. Yes. The student must have been formally enrolled or pre-registered for enrollment in a degree-granting program prior to July 1 of the summer in which enrollment is to occur. Recipient must also have financial need and meet all other eligibility criteria for receiving the SCSF award.

23. Q. If a Undergraduate Student has successfully completed the required hours and courses necessary to earn an associate’s or bachelor’s degree, but that degree has not been conferred, can the student continue to take courses at the institution and receive NCLTG or SCSF funds?

A. No, once the Undergraduate Student has met the requirements for an associate’s or bachelor’s degree, the student is no longer eligible to receive an NCLTG or SCSF award.
24. Q. If a student becomes ineligible to be counted on the FTE roster, can that student be substituted with another student that is eligible but not on the FTE roster?

A. If an institution, after having submitted its certified FTE roster, discovers than an Eligible Student is not longer eligible, that institution may substitute that student with an Eligible Student that was not included on the original FTE roster.